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## **This Week You Need To Know**

### **Judge Samuel Alito and the 'Führerprinzip'**

**by Jeffrey Steinberg**

On Jan. 5, 2006, in a front-page story, the *Wall Street Journal* identified Judge Samuel Alito, President George W. Bush's nominee to replace Justice Sandra Day O'Connor on the U.S. Supreme Court, as a leading proponent of the savagely unconstitutional doctrine of the "unitary executive." The idea of the "unitary executive," which forms the core dogma of the ultra-right-wing Federalist Society, to which Judge Alito belongs, is more properly identified by its modern historical name—the *Führerprinzip*, authored by the Nazi regime's anointed "Crown Jurist" Carl Schmitt. Schmitt's doctrine, that the charismatic head of state *is* the law, and can assert absolute dictatorial authority during periods of emergency, has been used to legitimize every totalitarian regime in the West, from Hitler, through Gen. Francisco Franco in Spain, through Gen. Augusto Pinochet in Chile, to President George W. Bush and Vice President Dick Cheney in the United States.

The *Wall Street Journal* quoted Judge Alito from a November 2000 speech, delivered, appropriately, before a Federalist Society convention in Washington, D.C. The Constitution, Alito declared, "makes the President the head of the executive branch, but it does more than that. The President has not just some executive powers, but *the* executive power—the whole thing."

Judge Alito elaborated, "I thought then"—referring to his 1980s tenure at the U.S. Justice Department's Office of Legal Counsel—"and I still think, that this theory best captures the meaning of the Constitution's text and structure," adding that, in his view, the Framers "saw the unitary executive as necessary to balance the huge power of the legislature and the factions that may gain control of it."

After reviewing the *Wall Street Journal* account, Lyndon LaRouche declared, "If Judge Alito does in fact adhere to the views reported in the *Wall Street Journal*, he should not be allowed near any court—certainly not the United States Supreme Court—except as a defendant." LaRouche insisted that Alito's nomination must be decisively defeated in the Senate, or the Supreme Court will fall fatally into the hands of a cabal of outright "Schmittlerian" Nazis, led by Antonin Scalia, Clarence Thomas, John Roberts, and Alito—all members of the self-avowed "conservative revolutionary" Federalist Society....

**[...full article \(PDF format\)](#)**

## **Latest From LaRouche**

**[LAROCHE TO GIVE INTERNATIONAL WEBCAST JANUARY 11](#)**

## Rebuild a Looted U.S. Economy

By the time leading Democrat Lyndon LaRouche takes the podium at his next webcast on January 11, 2006 ([www.larouchepub.com](http://www.larouchepub.com) or [www.larouchepac.com](http://www.larouchepac.com)), the United States will have either reached, or be on the verge of, a crucial turning point. On the political side, the bipartisan momentum now growing toward the removal of the Vice President for Torture and War, Dick Cheney, from office should have come to a head. On the economic side, the accelerated crisis of the U.S. auto industry, which is being threatened with both bankruptcy and physical dismantling, by financial vultures representing the international banking establishment, will have reached the point where decisive reconstruction action must be taken.

Thus, policymakers and political activists in the U.S., and around the world, must make it a top priority to attend, either by internet or in person, LaRouche's Jan. 11 webcast, which he has entitled "Rebuild a Looted U.S. Economy." The webcast will begin at 1 pm Eastern Time, and last until approximately 4 pm.

At this webcast, LaRouche will point the way to the next steps required, to take the nation back from the Cheney forces, and the financial predators. The declaration of intention by leading Democrats in Congress, as expressed in House Democratic leader Nancy Pelosi's speech at Harvard December 2, to launch a drive for a new NASA-style economic recovery program, already reflects substantial motion along the lines which LaRouche has proposed. But it is crucial that this direction be pursued vigorously now, so as to create a bipartisan coalition to save the national machine-tool sector.

Each of LaRouche's webcasts, since the "selection" of George W. Bush as President in early 2001, has provided a qualitative boost, each more crucial than the last, to the remoralization of the Democratic Party, and sane forces in the Republican Party, for the fight to restore the United States to the tradition of the American System model of FDR. This one will be the most important yet.

You can hear the January 11 webcast live at 1 pm. Eastern Time, at [www.larouchepub.com](http://www.larouchepub.com) or [www.larouchepac.com](http://www.larouchepac.com). If you wish to attend in person, please contact your EIR or LPAC representative.

## InDepth Coverage

Links to articles from

[\*Executive Intelligence Review\*, Vol. 33, No. 2](#)

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## National:

### Judge Samuel Alito and The 'Führerprinzip'

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is more properly identified by its modern historical name— the Führerprinzip, authored by the Nazi regime's anointed 'Crown Jurist' Carl Schmitt.

## **The Schmittlerians Were Also Behind Pinochet's Fascist Coup**

**by Cynthia R. Rush**

In 2006, former Chilean dictator Gen. Augusto Pinochet Ugarte (ret.) may finally go to trial for the Nazi-style atrocities committed during his 17-year rule, from the time of the bloody Sept. 11, 1973 coup that overthrew President Salvador Allende Gossens, until he left power in 1990. Although to date Pinochet's legal team has successfully kept him from going to trial, recent court rulings stripping him of his immunity as a former head of state, and sending him to the police station for mug shots and fingerprinting, suggest that a trial isn't far off.

## **Rohatyn, Pinochet, And the 'Unitary Executive'**

Three giant steps transformed ITT from the obscure operator of a telephone system in Puerto Rico, into a world conglomerate: 1) A contract to run the whole Spanish telephone system for then-fascist dictator of Spain, Primo de Rivera, in 1923; 2) Lucrative business in German war industry, after ITT founder Sosthenes Behn became the first American businessman to meet dictator Hitler in 1933; and, 3) The wild merger spree run by Lazard Freres and Felix Rohatyn from 1961 into the 1970s.

## **Documentation**

### **The Federalist Society March Through the Institutions**

As EIR reported last week, the same right-wing, tax-exempt foundations that are behind the fascist Carl Schmitt revival of the past 20 years—attempting a coup against the U.S. Constitution—have also bankrolled a 'Schmittlerian' march through the judicial institutions, via the misnamed Federalist Society. We provide detailed profiles here of the Society and its numerous tentacles.

## **Impeach Dick Cheney**

### **Libby's Drafts of Powell's UN Speech Could Be 'Smoking Gun'**

**by Michele Steinberg**

On Feb. 7, 2003, Lyndon LaRouche, then a candidate in the 2004 Democratic Presidential primaries, warned the nation— especially the other Democratic Party candidates—after the Feb. 5, 2003 speech delivered to the UN Security Council special session on Iraq, by then-Secretary of State Colin Powell, that Powell was the 'apparent victim of a hoax.'

## **Abramoff Plea Dooms DeLay, Speeds Sinking of Cheney-Bush**

**by Anton Chaitkin**

Jack Abramoff pleaded guilty to conspiracy, mail fraud, and income tax evasion, in two agreements with federal prosecutors Jan. 3 and 4. To lessen a potential 30-year prison sentence, he must fully cooperate in the growing criminal probe of that 'K Street' Congressional and lobbying apparatus created by Tom DeLay and increasingly run by Vice President Dick Cheney.

## **From the Congress**

### **Conyers Demands Inquiry On 'Impeachable Offenses'**

The following document was issued by the House Judiciary Committee Democratic Staff, on December 20, 2005. We publish here the table of contents, and the Executive Summary. The full document can be found at Iraq Report 109th Congress

**<http://www.house.gov/judiciarydemocrats/iraqrept.html>**

- **Call for Investigation By Select Committee**

The following is House Resolution 635, submitted Dec. 18, 2005, which was referred to the Committee on Rules by Rep. John Conyers, Jr., Ranking Member of the House Judiciary Committee, calling for the creation of a Select Committee to investigate the Bush/Cheney Administration.

# **Strategic Map:**

## **Bush-Cheney Actions Proliferate Hotspots**

As the political screws turn ever tighter on the CheneyBush Administration, the Cheney warmongers have worked overtime to create new flashpoints internationally, in order to maintain their policy of 'perpetual war.' As EIR has documented abundantly, Cheney's Hitlerian philosophy calls for maintaining a permanent state of crisis, the better to justify the dictatorship which he wants to put in place.

## **Hatred of Free Trade Sweeps Morales Into Bolivian Presidency**

**by Gretchen Small**

Campaigning against the existing economic and political system, Evo Morales was elected President of Bolivia on Dec. 18 with the highest vote of any Presidential candidate in decades. With a majority of just under 54%, Morales was the first candidate to win in the first round of a Presidential election since 1982. He swept not only the poorer areas of Bolivia, but also won a significant middle class vote, including a surprising 30% in the wealthier region of Santa Cruz. His Movement Towards Socialism (MAS) party won only two of the country's nine governor races, but it won a majority in the Chamber of Deputies, and is only two short of a majority in the 27-member Senate.

## **Russian Proposal to Iran on Nuclear Reprocessing Is Workable**

**by Muriel Mirak-Weissbach**

Since the following reports were written, new developments around the accelerated attacks on Syria must be taken into account in assessing the implications of situation described by Muriel Mirak-Weissbach. The shattering calamities hitting the U.S. Bush-Cheney Administration, have brought the role of the United Kingdom's Blair government more prominently into focus. Shades of Sykes-Picot, the British Foreign Office, flanked by France, have assumed a controlling role in the regional developments of the Southwest Asia region.

## **Regime-Change Threat On Horizon in Syria**

**by Muriel Mirak-Weissbach**

It's official: A coup against the Syrian government of Bashar al-Assad is in the works. None other than would-be golpista (coup maker), former Syrian Vice President Abdel Halim Khaddam, made the announcement in an interview to the Saudi daily al-Sharq al Awsat on Jan. 6. Speaking from his residence in Paris, Khaddam said he was organizing the Syrian opposition to 'create the right atmosphere for the Syrian people to topple the regime.' He added: 'This regime cannot be reformed, so there is nothing left but to oust it. The Syrian people will be the ones to oust it.' Khaddam claimed that he had no contact with outside forces, and was merely acting in the interests of his beloved country.

## **Report From Taiwan**

### **Has Chen Shui-bian Finally Gone Too Far?**

**by Leni Rubinstein**

Under a huge portrait of Dr. Sun Yat-sen, the founder of China's first republic, Taiwan's President Chen Shui-bian on Jan. 1 gave a televised speech, which silenced weeks of speculation that he might try to improve relations across the Taiwan Strait.

## **Book Review**

### **Revive the Legacy of Russia's Sergei Witte**

**by William Jones**

#### ***Count Sergei Witte and the Twilight of Imperial Russia***

**by Sidney Harcave**

**Armonk, N.Y.: M.E. Sharpe, 2004**

**328 pages, hardbound, \$59.95**

This biography of the last great political figure of late Tsarist Russia, Count Sergei Witte, is a very timely publication. Apart from the 1969 monograph by Theodore von Laue, 'Sergei Witte and the Industrialization of Russia,' the Harcave work is one of the few extant biographies in English of this remarkable individual. Harcave, a professor emeritus of history at the State University of New York at Binghamton, is well qualified to deal with his subject, having published in 1990 a comprehensive edition of Witte's memoirs, which he translated into English, based on two, sometimes differing, accounts left by Witte in his archives, now located at Columbia University.

# **Economics:**

## **BRAZIL CASE STUDY**

### **Globalization: Merely Unfair, or Is It Genocide?**

**by Dennis Small**

In the days leading up to the Doha round of the World Trade Organization, meeting in Hong Kong Dec. 13-18, 2005, Brazilian Foreign Minister Celso Amorim took to the pages of the International Herald Tribune to issue a policy statement on globalization and free trade, on behalf of the Lula da Silva government. Given Brazil's leadership role among developing sector nations, and the country's obstinate—and sometimes successful—resistance over more than a decade to the Free Trade Area of the Americas (FTAA) lunacy (and other ruses) emanating from Washington, Amorim's statement takes on broader significance.

### **Youth Flight Leaves 'No Future' Rust-Belt States**

**by Paul Gallagher**

A recent series of articles in the Detroit press highlighted the steady flow of college-educated young people out of Michigan —focussing on the sons, daughters, and grandchildren of autoworkers who are living through the collapse of the U.S. auto industry in the Midwest—and into service industry and financial jobs in other regions, in particular the non-union South. A stinging irony was the number of such youth moving South to work in 'management' in Arkansas or some related part of the right-to-work, cheap-labor corporate empire of Wal-Mart Stores. During 1995-2000, Michigan lost, according to Census Bureau reports, almost 40% of its population of college-educated, single young people, from 42,600 down to 26,600; the only state with a worse drain of youth was Pennsylvania. There could be no more dire indicator of the 'no-future' economic crisis centered around the decay of the formerly-productive, industrialized regions of the United States under 'globalization and free trade,' and the now near-irreversible loss of the productive capabilities and skilled labor forces of those states.

### **Lyndon LaRouche in Germany**

#### **Nuclear Power Is Crucial for Survival**

At a meeting of the LaRouche movement in Europe on Dec. 29-30, Lyndon LaRouche was asked about the revival of the German economy, and its role in the survival of Europe. Here are excerpts from his replies. See EIR, Jan. 6, 2006, for his initial presentation.

#### **Germans Rediscover Nuclear Power**

**by Rainer Apel**

With the defeat of the 'red-green' coalition (Social Democrats and Greens) in the Sept. 18, 2005 elections in Germany, there was hope among many that this also meant the end to an entire era of radical ecologism, which among other things had led to a foul government-industry deal in 2000, to phase out nuclear power by 2020. Many hoped that the Social Democrats, after the divorce from the Greens and their new Grand Coalition marriage with the Christian Democrats, would now begin to argue for a return to nuclear power.

#### **'That Isn't Enough, Mrs. Chancellor!'**

**by Helga Zepp-LaRouche**

Mrs. LaRouche is the chairwoman of the Civil Rights Movement Solidarity party (BüSo) in Germany. She issued this statement on Jan. 5, 2006.

## **National Economy:**

#### **How JFK Mobilized The U.S. for Recovery**

**by Marsha Freeman**

The leading faction of the Democratic Party is now poised not only to rid the United States of the Cheney/Bush Administration political dictatorship, but to overthrow 40 years of failed and self-destructive policies that have turned the U.S. economy into a heap of rust. In this effort, Rep. Nancy Pelosi (D-Calif.) and others have invoked the Apollo program of President John F. Kennedy as the model which should be followed.

## **U.S. Economic/Financial News**

## Wall Street Mobilizes To Force GM into Bankruptcy

Bank of America auto industry analyst Ronald Tadross unleashed another prediction Jan 3: General Motors stock would tumble 33% during 2006 (down to \$13 per share), because GM lacked the will to implement the necessary deep cost-cutting measures. On Nov. 10 of last year, Tadross crowed that GM's "bankruptcy is inevitable." In the Jan. 1 issue of *New York* magazine, author James Cramer engages in "crystal-ball gazing" and states that in 2006, "General Motors will file for bankruptcy," adding, "it's time to go bankrupt and start over." He states that this is the method by which the textile and steel industries "reinvented themselves."

The bankers are not thinking of LaRouche's "strategic bankruptcy" to retool the auto sector to produce indispensable capital goods for infrastructure, but rather of driving GM's stock price down to the price range of a few cents, so that Kirk Kerkorian and the hedge funds can buy and loot it.

In this regard, the Jan. 9 *Business Week*, in a lead news analysis, headlined: "Should the Dow Jones Ditch General Motors?" GM is one of the 30 stocks that make up the Dow. *BW* complains, "GM's troubles are skewing the index, and battering investors who bet on it."

Standard & Whores on Jan. 5 cut the credit ratings of both Ford Motor and Ford Credit deeper into junk status.

## 'Big Three' Post Lower Auto Sales for Third Month

General Motors, Ford, and Daimler-Chrysler posted lower December U.S. sales—the third straight month of decline. GM said its U.S. sales dropped 10.3% in December, compared with December 2004, as car sales plunged 19.4% and truck sales fell 4.9%. For all of 2005, GM's sales declined 4%. Ford Motor said its U.S. sales in December were down 9%, with steep drops in SUV sales; for the year, sales dropped 4.4%. DaimlerChrysler reported U.S. sales slid 2% in December, with sales at its Chrysler unit falling 5%; for 2005, sales were up 4.5%.

Asian automakers posted mixed U.S. sales. Nissan said its U.S. sales were down 1%; Mazda announced sales dropped 8%; Honda's sales fell 3.3%. Sales at Toyota rose 8.2%.

## Housing Bubble Troubles Wall Street

In its lead front-page article, the Jan. 3 *Wall Street Journal* runs a round-up on the economy for 2006. Over 40% of the more than 50 economists interviewed by the *Journal* are worried about the U.S. housing bubble. Jan Hatzius, Goldman Sachs' chief U.S. economist, revealed that during 2005, U.S. homeowners extracted \$887 billion in funds in cash-out refinancing against the inflated value of their homes. This sum dwarfs all other consumer borrowing of every kind. Hatzius worries that the funds derived from cash-out refinancing will fall by more than a quarter of a trillion dollars in 2006, and this will produce a deleterious effect on the economy. Doing his best to whistle past the graveyard, Hatzius states that through this process, "We aren't building in a crash."

Asked about the problem faced by consumers, 22 of the interviewed economists included consumers' "overexposure to the housing market."

## Minimum Payments on Credit Card Debt To Double

Under new guidelines issued by Federal regulators, banks have raised the minimum payments on credit-card balances from 2% to 4%; the average American household has about \$9,000 in credit-card debt, with an estimated 40% carrying a

balance from month to month. With the old minimum, under bankers' arithmetic, it would take 48 years and \$21,000 in interest to pay off this debt. While doubling the minimum payments will reduce the repayment period to 14 years and interest payments to \$4,800, it likely will be devastating for already cash-strapped families unable to afford those new minimums, and who could be hit by punitive interest rates of a whopping 30%. "Tens of millions of Americans are going to be affected by these higher payments," warned the legislative director for the Consumer Federation of America: "And unless the banks do it the right way, they are going to see a lot of defaults and many forced into bankruptcy."

The *Wall Street Journal* Jan. 4 dubbed this the "night of the living debt," as overextended "Zombie consumers" present a serious issue for the economy.

## **West Virginia Mine Cited Hundreds of Times for Safety Violations**

One of the 13 miners trapped by an explosion in the Sago Mine in West Virginia, 27-year-old Randal J. McCloy, was brought out alive by the rescue party and taken to a local trauma unit in critical condition. All the others died in the mine. Meanwhile, safety violation statistics as well as charges from relatives of the victims continue to confirm the known dangerous conditions in the mine, including build-up of explosive methane gas.

Out of a total of 208 safety violations issued to Sago in 2005 by Federal authorities, 21 citations were for the build-up of combustible materials at the mine, and citations were still being issued as late as December. The mine was cited for a total of 208 safety violations in 2005—up from 68 in 2004. Ross acquired the mine in March 2005. The Sago Mine had 14 injuries last year, almost twice as many as in 2004, according to the Labor Department, which supervises the Mine Safety and Health Administration. J. Davitt McAteer, former director of the U.S. Mine Safety and Health Administration, commenting on the disaster told Bloomberg news: "When the numbers are going in the wrong direction, management has not been doing its job."

Ross also acquired six underground mines in Eastern Kentucky, and Kentucky mining regulators issued 54 temporary closure orders to ICG mines in the state last year because of safety problems.

West Virginia Senator Jay Rockefeller (D) told Reuters, regarding an investigation of the Sago disaster: "We must figure out what went wrong in the Sago Mine itself and where the company must answer for its safety record."

Senator Dick Durbin (D-Ill.) said, "In this instance, we heard of hundreds of violations of safety in this mine. We need to look at these carefully. We need to make sure that mining companies—especially coal-mining companies—are following the safety regulations. When we reduce the number of inspectors, and when we lose our zeal for enforcing the law, we invite tragedy. I don't know if it happened in this case, but we need to ask the hard questions."

The House Education and the Workforce Committee is focussed on this disaster. It is aware of what has happened at Sago since Wilbur Ross took it over, and its past violations.

## **Even *Wall Street Journal* Aghast at Takeover Sharks**

Under a cartoon of a shark drinking through a straw from a goldfish bowl, the *Wall Street Journal* Jan. 5 candidly describes how private-equity firms suck companies dry, in an article titled, "Takeover Artists Quench Thirst." The technique is to buy up a company, have it take on a load of debt in the friendly loan climate of recent years, and have the takeover artists pay themselves large fees and dividends out of the loan, before any is used to benefit the newly acquired company. The company, now hobbled with debt, is then often sold again. Some examples:

- \* Apax Partners, Inc. bought up Intelsat, had the company take out a loan, and immediately paid themselves \$350 million in dividends;
- \* Blackstone Group bought Celanese Corp. for \$650 million up front, on the \$3.4 billion price; within nine months it scooped up \$1.3 billion in dividends;
- \* The group that bought up Warner Music put up \$1.25 billion in equity. Within a year they received four dividend payouts totalling \$1.45 billion;
- \* Kohlberg Kravis Roberts bought PanAmSat for \$4.3 billion, and one month later was paid \$250 million in dividends.

The other tactic used to "mine" portfolio companies is the collection of fees received when deals go through, which are often 1.5% off the top. These firms say they are just doing their job—making money for their stockholders. These guys give parasitism a bad name.

## World Economic News

### Germany Has Lost 3.8 Million Real Jobs Since 1991

In a survey mandated by the previous Schroeder government, and released Jan. 5, the German Institute of Labor and Employment Research (IAB), together with the Institute of Labor and Technology (IAT), reported that in the past 15 years, 3.8 million real and fully insured jobs were axed in Germany, and only partly replaced by part-time or uninsured mini-jobs. This implies that several hundred billions of d-marks and (from 2002 on) of euros have not been paid into the social and health-insurance system of Germany, during this period.

The same survey added another finding to the long list of flops related to the Hartz I-IV "reforms": Of the 276,000 "Ich AGs" (I-Inc.'s), formed under this legislation with the illusion that subsidizing these mini start-ups, new jobs would be created, 76% serve the sole purpose of sustaining the "firm-owner"—there is no employment of anyone else. Some 210,000 persons are kept out of the unemployment statistics for up to three years of government co-funding by this means.

Furthermore, the survey found that the mass-creation of new low-income, low-skill jobs, as propagated by market radicals, simply is not possible, because there is an under-supply of jobs anyway. Moreover, 45% of low-income, low-skill jobs are already occupied by people with higher skills, so that unemployed Germans with lower skills often have no chance of getting a job that corresponds to their skills. The same pattern also shows a drastic under-supply of high-skill jobs.

### Nippon Head Warns Against Bubble Economy

As the Japanese Nikkei average barrelled above the 15,000 level for the first time in five years, accompanied by calls from *Forbes* to the *Wall Street Journal* recommending that investors put money into Japanese stocks and real estate, Hiroshi Okuda, chairman of the Nippon Keidanren (Japan Business Federation) stepped forward to draw a line. Okuda asserted, as reported by *Asahi Shimbun* Jan. 3, "It seems Japan as a whole has started to develop an atmosphere of a bubble economy. Japan as a whole is about to turn into a nation obsessed with money. I can only hope the situation does not develop into a second economic bubble." Okuda is referencing the first bubble of a stock and real estate build-up, whose puncture in the early 1990s shook Japan.

Okuda offered his view in response to a question posed by Japanese Prime Minister Junichiro Koizumi at a meeting of the

Council on Economic and Fiscal Policy, who asked, "Is the current economic situation worrisome?"

## United States News Digest

### Bush Meets with Former Secretaries of State, Defense

President George Bush probably got an earful from some of the former Secretaries of State and Defense, who were invited to the White House on Jan. 5 for a videoconference briefing on Iraq by U.S. Ambassador to Iraq Zalmay Khalilzad and Gen. George Casey, and an exchange of views. Participants included former Secretaries going back to the Kennedy and Nixon Administrations; among them William Perry, Madeleine Albright, James Schlesinger, James Baker III, Melvin Laird, Lawrence Eagleburger, George Shultz, William Cohen, Frank Carlucci, Al Haig, Robert McNamara, and Colin Powell. From the Administration's side, apart from President Bush, present were Secretary of Defense Donald Rumsfeld, Secretary of State Condoleezza Rice, and National Security Advisor Steven Hadley, who seems to be the one who pulled the meeting together. Vice President Cheney was reportedly also a participant.

The meeting lasted a little over an hour, and, according to Laird, the "Boy in the Bubble" President probably got to hear some things that he doesn't normally hear. While Khalilzad spoke without interruption, a number of the former Defense Secretaries interrupted Casey's briefing to ask some pointed questions. Albright expressed concerns about the way the operations in Iraq were going, with 150 casualties being reported in two incidents that day. A few of the former Secretaries simply left when the meeting was over, but a number of them came to the press stakeout. While Haig tried to be upbeat about the progress, he also indicated that there was no room for optimism. Eagleburger was even more pessimistic about the post-Iraq election situation. A number of the participants were curious to know if this meeting were envisioned as a glorified photo-op or whether it would lead to more substantive discussions over the direction of policy. No return visit has yet been set.

### Supreme Court Allows Transfer of Padilla

The U.S. Supreme Court agreed Jan. 4 to permit the transfer of accused "enemy combatant" Jose Padilla from military to civilian custody, to face criminal charges. The Supreme Court overturned the ruling of the Fourth Circuit Court of Appeals, which had blocked the transfer as part of a rebuke to the White House in which it accused the Administration of trying to evade a Supreme Court review of their holding of Padilla for three years as an "enemy combatant," even though Padilla is a U.S. citizen arrested on U.S. soil.

While ordering Padilla's transfer, the high court said at the same time that it will decide "in due course" whether to take up Padilla's challenge to his military imprisonment. "That's fine. It's great," said Donna Newman, one of Padilla's lawyers. "Both things are good."

### Support for Iraq War Declines Among Military Personnel

The third annual poll of the readers of *Military Times*, released Jan.3, found that support for the Iraq war, and for Bush, is dropping rapidly. The poll, among readers whom they describe as mostly older, and mostly officers, resulted in a drop in approval for the Administration's Iraq policy by 9%, to 54%, while overall approval of Bush went down 11%, to 60%. They note that supporters of the war had used the *Military Times* polls in the last two years to show support for the war within the military.

### Fewer Death Penalty Sentences in 2005

The number of death sentences handed down in 2005 fell to 96, from 125 in 2004, and 276 in 1999; the number of executions fell from 98 in 1999 to 60 in 2005. Only on the Federal level, under the Bush-Cheney Beastman cabal, was there a counter-trend, with expanded use of the death penalty and efforts in Congress to restrict further the capital appeals process. Even Texas, which topped the charts again last year with 19 executions (or approximately one-third of all U.S. executions), saw a shift, as it became the 37th out of 38 states which still have the death penalty, to adopt the option of life without parole in capital murder cases.

In other significant developments, New York's legislature refused to restore the death penalty, after the State Supreme Court declared it unconstitutional; Virginia, which has carried out the second-highest number of executions (after Texas) since 1976, commuted the sentence of Robin Lovitt to life without parole, and had zero executions for the year. The U.S. Supreme Court, in *Roper v. Simmons*, declared juvenile executions unconstitutional, and this year will take up three new Death Row cases, exploring the issue of innocence.

Many former death penalty advocates have switched sides, especially in the face of so many exonerations, now up to 122, since 1973, recognizing that it is virtually impossible to guarantee that innocent people have not be put to death and will not be. One example is retired Orange County, California Superior Court Judge Donald A. McCartin: "This may seem strange coming from a man known as the 'hanging judge of Orange County,' but I think it's time to abolish the death penalty.... Human error, inequities, biases, and personal ideologies create the problems that have caused my rejection of the death penalty. Because these frailties will not magically vanish, capital punishment cannot be implemented with any sense of balance of fairness, thus it must be abolished."

## **Bush Issues Fewest Pardons**

President Bush has issued the fewest pardons of any modern President. Franklin D. Roosevelt issued 3,687 pardons during his 12 years in office; Woodrow Wilson, 2,480, and Truman, 2,044, in eight years each. Calvin Coolidge issued 1,545 in six years, and Herbert Hoover gave 1,385 in four years, the most for any single-term President. During their eight years in office, Clinton issued 456 pardons, Reagan 406. Carter issued 566 in four years, while *Bush has issued only 77 pardons in five years*, 11 of them last week. Bush has not pardoned a single person on Death Row, and is said to favor those who have "made amends," as he has. "I'm on a walk just like you," says the dry drunk. "It is a never-ending walk as far as I'm concerned." Bush also seems to favor requests from Texas and Florida, having granted 14 of his precious 77 to residents of those "Bush fiefdoms" during his tenure.

The best way to get a Bush pardon? Buy it. Wendy St. Charles, a lawyer for a Denver homebuilder, was convicted on "drug charges" in 1984. In 2004, the homebuilder gave \$39,000 to the Republican National Committee, for the Convention. His former lawyer was pardoned last week.

## **Anti-LaRouche Propagandist Was on Pentagon Payroll**

The *New York Times* revealed on Jan. 2 that neo-con anti-LaRouche propagandist and former Pentagon official Michael Rubin was being paid by the Lincoln Group, with Pentagon money, to "consult" on propaganda operations in Iraq. The Lincoln Group, a private consulting outfit, was paid tens of millions of dollars in Pentagon funds to plant pro-U.S. propaganda stories in the "liberated" Iraqi media. The *Times* story revealed that some of that money went to hiring Muslim "scholars" to advise on propaganda strategies. And Michael Rubin, who served for six months in the Coalition Provisional Authority under Paul Bremer, and was part of the Office of Special Plans (OSP) Pentagon apparatus, was also hired as a consultant to the Lincoln Group, to advise it on the Muslim propaganda efforts in Iraq.

Rubin told the *Times*, "I visited Camp Victory and looked over some of their proposals or products and commented on

their ideas. I am not nor have I been an employee of the Lincoln Group. I do not receive a salary from them. Normally, when I travel, I receive reimbursement of expenses including a per diem and/or honorarium." Rubin was interviewed last month by the *Times* about the revelations of the Lincoln Group's propagandist work for the Pentagon, but at the time he never mentioned his own work for the group.

Rubin penned a series of slanders against LaRouche, and in defense of Leo Strauss and the neo-cons, over the past few years, in which he accused a wide range of critics of the neo-cons, from Seymour Hersh to Karen Kwiatkowski, to Patrick Lang, of being "LaRouche agents." Was Rubin also paid for his anti-LaRouche propagandist work with taxpayer money through the Pentagon's black budget?

## **Democrats Block Federalist Society Nominee**

Of six 2005 appeals court nominees yet to be voted on by the Senate, only one has been bounced back to the White House—Brett Kavanaugh, a Federalist Society member who drafted the impeachment papers against President Bill Clinton while working for independent counsel Kenneth Starr.

Under Senate rules, if a nominee has not been confirmed by the end of the year, the nomination automatically returns to the White House; however, the rule is usually waived, as it was for the other five nominees in that category. Right-wing circles are speculating that the objection to Kavanaugh was made by Sen. Hillary Clinton (D-NY), but her office has denied it.

Under the present Administration, Kavanaugh has worked in the Office of White House Counsel, under Alberto Gonzales, Timothy Flanigan, and others, and he played a major role in screening judicial nominations and defending the most ideological of them. Last April, Sen. Charles Schumer (D-NY) called Kavanaugh's nomination "among the most political in history," and said that Kavanaugh "would probably win first prize as the hard right's political lawyer."

"Brett Kavanaugh's nomination to the D.C. Circuit is not just a drop of salt in the partisan wounds," Schumer said, "it's the whole shaker."

## **Ibero-American News Digest**

### **'International Achievement Award' Granted to LaRouche**

The Russian-Ukrainian-Byelorussian Chamber of Commerce for South America (CCRUBAS) awarded Lyndon LaRouche its "International Achievement Award" at a Dec. 29 ceremony in Buenos Aires. The CCRUBAS works with like-minded organizations such as the Argentine-Chinese Center for Economic and Cultural Exchange (CIECAC) and the Mercosur Forum, to promote international trade and political relations with Eurasia. It is very enthusiastic about LaRouche's Eurasian Land-Bridge proposal, and its online publication *Eurasia* has frequently published *EIR* articles and Lyndon LaRouche's writings. Although there were many recipients of awards in a variety of categories, there were only a small number in the "International Achievement" category, of which LaRouche was the only American.

CCRUBAS director Ricardo Pavan announced the award "in recognition of Mr. LaRouche's international achievement," and described LaRouche as an "economist who has controversial ideas, but this is a controversy located in the framework of the search for peace." Pavan told the audience that LaRouche had been a Presidential pre-candidate in the 2004 U.S. elections, and that his wife, Helga Zepp-LaRouche, had been a candidate for Chancellor in Germany in 2005.

LaRouche Youth Movement member Diego Bogomolny accepted the award and briefly spoke about LaRouche's crucial role in the world, his efforts to create a New Bretton Woods system, and particularly his leadership in the United States to restore sanity to its policymaking, pointing to the fight going on now in the U.S. and LaRouche's role in rebuilding the Democratic Party, around a Franklin Delano Roosevelt policy orientation, with special emphasis on saving the auto industry and launching a mass infrastructure-building program.

## **More Ibero-American Coverage in This Week's InDepth**

See this week's InDepth section for lots more on Ibero-America. Articles address Brazil's economic situation (["Brazil Case Study; Globalization: Merely Unfair—Or Is It Genocide?"](#)); an analysis of the fight over what is to follow Bolivia's Presidential elections (["Hatred of Free Trade Sweeps Morales Into Bolivian Presidency"](#)); and an explosive exposé of the role of Pinochet's "Crown Jurist," Carl Schmitt-follower Jaime Guzman Erazuriz, in creating the fascist Pinochet regime for Henry Kissinger, George Shultz, Lazard Freres' Felix Rohatyn, and ITT (["The Schmittlerians Were Also Behind Pinochet's Fascist Coup"](#)).

## **Western European News Digest**

### **Merkel's New Year's Message Has Major Weaknesses**

In her New Year's message to the German nation, Chancellor Angela Merkel called on citizens to work with the government for the dubious agenda for 2006: to "consolidate, reform and invest." The message is being put out in newspaper ads, by radio and television, as well as the Internet.

Merkel's omissions are already grave enough: No mention of the fact of world economic depression, no sign that the abolition of the euro/Maastricht system is being discussed in any serious way. The Merkel "program" consists of many minuscule steps, like tax rebates here, small incentives there (for *Mittelstand* firms), and there is no idea of concentrated state intervention. The "program" continues to worship the gods of the free market.

The most absurd aspect of the government's orientation is not even mentioned in Merkel's message—namely, that she and corporate management expect the soccer world championship in Germany to be the main "creator of jobs" in 2006, with a seasonal added employment of 60,000 jobs in security, communications, garbage removal, and the like.

### **Former Ambassador Says Brits Receive Intel from Torture Victims**

Former British Ambassador to Uzbekistan Craig Murray claims that the British government regularly receives anti-terror intelligence obtained from torture victims, according to documents he has published, the *Telegraph* reported Dec. 31. Murray is a controversial figure; he was removed as Ambassador to Uzbekistan in 2004 (the time frame for all the "color" revolutions) because of his public accusations that the government of Islam Karimov was brutally torturing prisoners. Murray risks prosecution under the Official Secrets Act for publishing internal documents which he had been told could not be published in a book he is writing on Uzbekistan.

The documents include several confidential telegrams he sent to the Foreign Office from Tashkent. In July 2004, he wrote: "We receive intelligence obtained under torture from the Uzbek intelligence services, via the U.S. We should stop. It is bad information anyway.... I gather a recent London interdepartmental meeting considered the question and decided to continue to receive the material. This is morally, legally, and practically wrong."

## **Hartz IV Threatens Further Wage Cuts in Germany**

In a survey for the government presented shortly before Christmas, several econometric institutes documented that the Hartz I-III labor market "reforms" have been a complete failure, having neither created jobs nor reduced labor market intervention expenses, but instead creating additional expenses for the government. The survey still projects that Hartz IV may be successful, but among experts, it is an open secret that it will be abolished soon. The proposal made by Munich-based monetarist Hans Werner Sinn, however, for a combined low-wage system, is a dangerous fraud and sophistry. Sinn claims that with his proposal for state-subsidized low wages on a broad scale, coupled with drastic, 30% cuts in unemployment pay for those who still remain unemployed under this scheme, around 2.3 million new jobs will be created.

This implies that all those present recipients of Hartz IV pay who fail to get any job, even jobs at less than the minimum level of 3 euros per hour, will face a drop in Hartz IV monthly pay from 345 to 230 euros. With several million jobs simply missing in the economy, the Sinn scheme means that at least 2.5 million Germans—the difference between his alleged 2.3 million "new" jobs at subsidized wages and the official jobless figure of 4.8 million—will be punished by 30% pay cuts.

## **British Personal Debt Hits 1.13 Trillion Pounds**

Now that British personal debt has hit 1.13 trillion pounds, bankruptcies are predicted to double in the coming years, the *Independent* reported Jan. 3. Christmas spending will "push thousands of individuals into crisis and cause record bankruptcies in coming months," they say, at least 20,000 by March in England and Wales. A record 66,000 people are expected to go bankrupt this year. Some 20% of this huge debt is unsecured loans and credit, and the UK accounts for 66% of EU credit card debt.

## **EU Energy Crisis Session Points to Necessity of State Role**

Among the topics discussed at their meeting in Brussels Jan. 4, the 25 members of the European Union's "gas coordination council" was the just-concluded compromise in the Russian-Ukrainian conflict. Doubts about the ability of the privatized energy sector to secure sufficient supplies were voiced at an EU crisis session on the gas issue.

The question was also posed as to whether the energy supply of Europe—at present, mostly in the hands of private-sector firms—was secured at times of crisis, like the conflict over gas between Ukraine and Russia. A bigger role of the state in securing energy supplies, as well as a bigger institutional role of the EU (a supranational solution, not necessarily the best way), is being considered.

Atomic energy was discussed as well, but, as EU Commissioner on Energy Andris Piebalgs said, only as an option for "those countries where the population supports it." Meanwhile, the Bavarian Christian Social Union (CSU) concluded its annual leadership conference at Bad Kreuth with a call to draw conclusions from the most recent trouble over gas supplies, by discussing longer permits for existing nuclear power plants in Germany.

## **Germany To Develop Fusion Research Project**

With the Griefswald stellarator project, Germany will enter a pioneer area of fusion research. In an article almost two-thirds of a page, the *Frankfurter Allgemeine* in its "feuilleton" section Jan. 6 reports that the northeastern region of Germany around Greifswald not only will be the site where the North European Gas Pipeline will berth in 2010, but that there will also be a number of pioneer research programs in place there, for bio-tech and fusion technology development.

Prominently, the article mentions that the Stellarator project, or Wendelstein VII-X, which Germany is constructing at Greifswald, will begin the first high-powered microbeam testing in 2012. The 300 researchers and engineers there are working on a technology that is more complex than the Tokamak generation of present-day fusion reactor types, as used in the ITER (International Thermonuclear Experimental Reactor), built in Cadarache, France, now. The Tokamak-generated plasma is like a "wild horse," the Greifswald team thinks, difficult to tame for industrial and commercial use in the future; their Stellarator type is expected to help solve the problems—and solved they must be, if fusion reactors are to go on the grid by 2050, the scientists say.

The *FAZ* article comes as yet another aspect of high-quality energy-policy debates, after certain anti-atomic taboos have recently been broken in Germany.

## Russia and the CIS News Digest

### Five-Year Deal Announced in Russia-Ukraine Gas Conflict

Russian Gazprom chairman Alexei Miller and Ukrainian Naftohaz chairman Olexi Ivchenko announced Jan. 4 at a Moscow press conference that a "mutually beneficial agreement" on resuming the Russian gas supply to Ukraine had been reached during the night. "We are satisfied about the outcome of the negotiations," said Miller. "It allows us to fully meet the Ukrainian gas needs and ensure the transit to Europe." An emergency EU coordinating committee meeting to deal with the gas-supply crisis received the news of the settlement, just as it was about to begin in Brussels.

Miller said that Ukraine will purchase gas via the trading company Rosukrenergo. Under a complex formula, Gazprom will sell Russian gas to Rosukrenergo at the starting price of \$230 per 1,000 cubic meters—the "European" market price Gazprom was holding out for. Ukraine's gas imports from Turkmenistan and other Central Asian suppliers will also come through Rosukrenergo, which buys from those producers at preferential prices in the range of \$50. Ukraine will pay Rosukrenergo approximately \$95 as the starting price, on gas from both sources—Russia and Central Asia. In a separate contract, Russia agreed to pay Ukraine \$1.60 per 100 cubic meter per 100 km for gas transit to Europe across Ukrainian territory, instead of the previous price of \$1.09.

Russian President Vladimir Putin received a report on the deal from Miller and Minister of Industry and Energy Victor Khristenko, telling them that Russia's original position on prices has been upheld, and that now "Russian-Ukrainian relations are taking on new qualities: partnership, market-based, and transparent." The transit contract will enable Russian gas supplies to Western Europe "for many years ahead," said Putin. Officials on both sides said repeatedly that they were happy to be moving from barter to all-cash settlements, "from the bazaar to the market," as Russian state TV hailed the deal.

### Swiss-Based Middleman at Center of Gas Deal

Not everything is transparent about the three-way Russia-Ukraine-Central Asia gas deal. Gazprom vice chairman Alexander Medvedev made fairly clear, in a Jan. 4 interview with the RTR Vesti program, that Gazprom had had the settlement up its sleeve, and sprang it on the Ukrainian delegation last night, as an offer they couldn't refuse.

Rosukrenergo is a 50-50 joint venture of Gazprom-owned Gazprombank and RaiffeisenBank of Austria. Chartered in Switzerland, it is involved in the investment-risk insurance business. One year ago, Rosukrenergo took over one of the murkiest segments of the post-Soviet energy business, the Turkmenistan-Ukraine gas trade. Previous Russian intermediaries in this trade had been Itera, an often-sued international arm of the previous Gazprom management; and then, in 2002-2004, a Hungary-based, Romanian-Israeli-owned outfit called Eural Trans Gas, which Ukrainian security

investigators targeted in a probe for ties to Ukrainian-born Russian mobster Semyon Mogilevich. The *Moscow Times*, Boris Berezovsky's *Kommersant* and other sources claimed last summer that Rosukrenergo has similar ties.

In July 2005, Ukraine's first "Orange" Prime Minister, Yulia Tymoshenko, said she was trying to shift the Turkmenistan-Ukraine gas trade to direct-sale and cash payment. Even last week, current Prime Minister Yuri Yekhanurov suggested that Kiev could cover most of its needs with Turkmenistan gas. Gazprom, however, retorted that it had contracted to buy the greater part of the gas Turkmenistan will export in 2006. Evidently, Rosukrenergo had these supplies, at \$50 or so, lined up in advance.

In a press conference after settlement of the price dispute, Yekhanurov said that Ukraine had been taught a lesson. Russian commentators like Sergei Markov, who spoke on RTR state TV, said they thought that President Victor Yushchenko had expected the European Union to rush to Ukraine's support, but it turned out that Europe's priority is reliable supplies from Russia. Other Russian commentators likewise played up how tarnished the reputation of Yushchenko's government now is, especially after the accusations of gas thievery during the first three days of the year. Any diverted gas has been subsumed in the new agreements.

### **Putin Confers with Turkmenistan Leader**

In the aftermath of the Russian-Ukrainian gas conflict settlement, Russian President Vladimir Putin was on the phone Jan. 5 with President S. Niyazov of Turkmenistan, and it was announced that Niyazov will visit Moscow before the end of January. The supply of gas from Turkmenistan at deep cut-rate prices is a crucial component of Gazprom's solution to the stand off over Russian supplies to Ukraine, reached Jan. 3, and there is some concern in Moscow that Niyazov will demand a higher price or other compensation.

### **Yushchenko Blasted from Left and Right**

Opposition politicians from all parts of the political spectrum attacked Ukrainian President Victor Yushchenko for selling out to Moscow in the gas price war. Natalia Vitrenko, leader of the radical leftist Progressive Socialist Party of Ukraine, said that Yushchenko had committed a crime of state, both in allowing the crisis to come to a head and in the terms of settlement, and should be impeached. From the other side of the political scene, ex-Prime Minister Yulia Tymoshenko announced Jan. 5 that she was going to file suit against the energy company Naftohaz and the Ministry of Energy, for betrayal of the national interest, abuse of office and exceeding their authority in the negotiations.

Parliamentary elections in Ukraine will take place in March. According to the Kiev International Institute of Sociology, its polls during December showed that former Prime Minister Victor Yanukovich's Party of the Regions has close to 27% popular support, while the former Orange Revolution allies, Tymoshenko and Yushchenko, are each polling in the teens.

### **Wall Street, London Mouthpieces Want Russia Out of G-8**

Under the headline "Putin's Gas Squeeze," the *Wall Street Journal* editorially demanded on Jan. 3 that Russia be removed from the Group of Eight, of which it has just assumed the chairmanship. An accompanying op-ed article by David Satter, a member of both the Hoover Institute and the neo-con Hudson Institute, trumpeted that "Russia is daily sinking deeper into authoritarianism and lawlessness." The article presents an array of violent attacks on Russia. The *Journal* editorial highlighted the rantings of outgoing economics adviser to Putin and free-trade ideologue Andrei Illarionov, who charged that Russia's present treatment of Ukraine is like the Nazi and Soviet ultimatums. It concluded, "Moscow's inclusion [in the G-8] has never been justified on economic grounds, but was intended to promote democratic reform in a country that retains a huge nuclear arsenal. Perhaps the engineers of that G-8 policy, including President Bush, are now beginning to

see that they made a mistake."

The Jan. 3 *Financial Times* of London, which ran no less than seven articles on Russia, carries a lead editorial nearly identical to that of the *Wall Street Journal*, calling for Putin and Russia to either change behavior, or be removed from the G-8.

Lyndon LaRouche observed, "The *Wall Street Journal* editor has gas bags under his eyes," and that this pathetic soul believes that "things go better with gas."

## Southwest Asia News Digest

### LaRouche Issues Caveat on Southwest Asia Analysis

In discussions with *EIR* editors this week, Lyndon LaRouche warned against making predictions about the future of Southwest Asia, given the crisis in Israel, with Ariel Sharon's illness, the insanity of the Dick Cheney regime in the United States, and the unknowns of the British government, particularly its insidious Foreign Office.

LaRouche emphasized that the region is in a highly dangerous crisis, with war and regime-change threats coming from the Cheney crowd against Syria and Iran (see InDepth). But, he said, many factors are unknown, particularly about the British. LaRouche drew attention to the visit to the region by British Foreign Secretary Jack Straw, who visited Lebanon this week, in the context of an announced coup d'etat plot against Syria voiced by former Syrian Vice President Abdel Halim Khaddam while in France. Straw said that he did not support a coup against Syria's President Assad, but at the same time, shunned Lebanon's President Lahoud, whom the Cheney-Bush Administration brands a Syrian puppet.

LaRouche pointed to the 1916 Sykes-Picot agreement between France and Britain, carving up Southwest Asia, as an historic precedent. He also warned that the Muslim Brotherhood is a British asset, and should be understood as such, in its role as a destabilizing factor against the current governments of Arab and Muslim nations.

Beware of the British government, LaRouche warned, as they could be "the joker in the deck."

### Israel's New Prime Minister Promises Continued Air Strikes on Gaza

Even before the Jan. 4 incapacitation of Israeli Prime Minister Ariel Sharon, acting Prime Minister Ehud Olmert was promising a continued offensive against the Palestinians.

In a Dec. 28 press conference, Palestinian President Mahmoud Abbas called on the international community to force Israel to cease its air strikes of the Gaza Strip, known by the ludicrous name of "Operation Blue Skies." Abbas said, "We condemn this. Israel left the Gaza Strip and has no right to return under any pretext such as the firing of rockets, which I also condemn strongly." He also warned the Palestinian militants to cease attacks, and not "to give pretexts to Israel."

Despite Abbas's call to stop the military escalation, Olmert told Army Radio that, "The operations will take as long as is needed to ensure that the fire against us will be curbed."

Meanwhile, the "Quartet" of Russia, the U.S., the UN, and the European Union threw gasoline on the fire, when it announced that any Palestinian group that fails to renounce violence against Israel should not be allowed to hold a cabinet position following the historic legislative elections on Jan. 25, 2006. This comes on top of noises made by the Sharon

government that Palestinian voters in East Jerusalem may be prevented from voting in the upcoming elections, or may have their voting restricted.

These Israeli-Washington-Quartet provocations are collective punishment of the Palestinians, since the "Blue Skies" bombings and declaration of a "no go zone," affects 100,000 Palestinians living in Gaza. In addition, Abbas is involved in ceasefire negotiations with Hamas, and Islamic Jihad, and is politically damaged by these Israeli moves.

### **Barghouti Urges Palestinian Voters To Support Fatah**

Marwan Barghouti, the young Palestinian leader serving five life sentences in an Israeli jail, called on Palestinians "to renew their confidence in Fatah and give it another chance" in parliamentary elections coming up on Jan. 25, according to the *New York Times* Dec. 31. In a statement to have been published in Palestinian press, Barghouti called on Palestinians to vote, saying the election is "an urgent national necessity" and "a new democratic *intifada* that will lead to the renewal of the Palestinian political system." He also promised to work with Hamas, saying, "Hamas is not an alternative to the Fatah movement, but a partner." He promised that the Israeli withdrawal from Gaza will soon be followed by similar pullbacks in the West Bank and Jerusalem. "I say with confidence that the moment of ending the occupation is very close," he wrote.

### **Iraq Reconstruction Funds Spent on Everything But**

All but 20% of the \$18.4 billion that Congress appropriated for Iraq reconstruction has been spent, and the Bush Administration has no plans to ask for more, signalling the coming end of U.S. involvement in rebuilding that country, if it can be called that. At least \$2.5 billion that had originally been allocated to rebuilding collapsed Iraqi infrastructure, went, instead to building the country's new security forces, a system of medium and maximum security prisons and even the trial of Saddam Hussein, the *Washington Post* reported Jan. 2. A further 14-22% of the costs of projects that did go ahead went to security against insurgent attacks.

As for the promised infrastructure improvements, oil production is at 2 million barrels per day, as compared to 2.6 million before the U.S. invasion, and electricity is averaging 4,000 megawatts per day, as compared to 4,400 before the war (the U.S. promised 6,000). Instead of infrastructure, the U.S. has spent \$437 million on border fortresses and guards—about \$100 million more than for roads, bridges, and public buildings—and \$107 million for a secure communications system for the security forces, but only \$99 million for education. Saddam's trial has so far cost \$128 million. American officials claim that none of this is really bad news, because if the insurgency were to end in 2006, the oil and electricity distribution systems could easily be repaired.

The head of the Army Corps of Engineers in Iraq said that, according to a poll, only 30% of the Iraqi people even knew there was any reconstruction going on.

### **Sharon Accused of Taking \$3 Million in Bribes**

On the same day that Prime Minister Ariel Sharon suffered a massive, life-threatening stroke, Channel 10 television reported that the Israeli police have new leads implicating him in taking \$3 million in bribes.

The case stems from the the "Cyril Kern" affair, in which over \$4.5 million was transferred into the bank account of Sharon's son Gilad. \$1.5 million was used to pay back campaign funds that were raised illegally. The police believe that the balance of \$3 million was a bribe paid to Sharon by Austrian businessman Martin Schlaff and his brother James. Schlaff's lawyer is Dov Wiesglass, Sharon's own lawyer and top crony, who is also Sharon's contact man with the Bush White House and, in particular, Vice President Dick Cheney.

The new report on alleged bribe-taking by Sharon has caused a political outcry by opposition politicians.

Likud Member of Knesset (MK) Michael Eitan declared that Sharon "must face the public" to rebut suspicions against him or explain how he got the money. Yosef Lapid, chairman of the Shinui Party, said that if the police suspicions are solid, this would mean a sharp turnaround in the elections campaign, and called for Sharon to be barred from running in the elections. Meretz Party MK Chaim Oron called Sharon's Kadima party "a bottomless barrel of corruption."

## Asia News Digest

### Balochistan Situation Worsens

Heavy fighting between Balochi tribes and Pakistani security forces has been reported from Quetta, capital of Balochistan. Meanwhile, almost the entire Pakistani province is under general strike. Most of the offices are deserted and transportation throughout the province has come to a halt.

The strike was called by the alliance of Baloch nationalist parties: Pak Oppressed Nations Alliance (PONA), Alliance for Restoration of Democracy (ARD), and the Awami National Party (ANP). The Baloch militants are trying to keep the flow of oil and gas from Balochistan shut down permanently. Balochistan is the only province in Pakistan with oil and gas reserves.

Meanwhile, Pakistani President Pervez Musharraf has accused India of being involved in the Baloch uprising. Earlier, the Pakistani military accused Iran of involvement. New Delhi has expressed concern over the worsening situation in Balochistan and the indiscriminate use of heavy weapons and bombs by Islamabad against the Baloch militants.

### Indian PM: More Meaningful India-China Ties Required

Indian Prime Minister Manmohan Singh, in his New Year's message to Chinese leader Wen Jiabao, said the fast-developing ties between India and China are a strong determinant for the peace and security, as well as development and prosperity, of Asia and the world.

"We are confident that in the New Year, we will be able to continue, with greater determination, to impart further depth and substance to our rapidly growing ties, and add an important new chapter to India-China friendship."

Indian President A.P.J. Abdul Kalam, in his message to Chinese President Hu Jintao, said, "today, the footprints of India and China are increasingly visible and have made an impact on the global landscape in diverse areas." Pointing out that India and China are major developing countries with great influence in the world, Chinese President Hu Jintao said "China is ready to work with India ... to continuously deepen the contents of our bilateral relations and push further the China-India Strategic and Cooperative Partnership in an all-round and in-depth way."

### South Korea Is the World Leader in Derivatives Trade

The Swiss-based Bank for International Settlements (BIS) reported that Korea stock index futures and options boomed to \$12 trillion in the third quarter of 2005, making South Korea "the world's busiest market for equity derivatives," overtaking the United States. Any concern for a bubble? Lee Seon-kyu of Woori Securities in Seoul told the *Financial Times* Jan. 4: "Everyone is winning, so unless someone starts to lose, I think this bullishness will continue."

## **U.S.-Philippines War Games in Mindanao Raise Constitutional Questions**

More than 5,000 U.S. troops are to hold military exercises in Mindanao in the Philippines, the *Inquirer* reported Jan. 4. The joint counterterrorism exercises in two southern Philippine regions which are active combat zones, raise again the question of U.S. actions counter to the Philippine Constitutional restriction on U.S. military action in the country. Also of concern are possible U.S. intentions to change those restrictions as part of the ongoing campaign in the Philippines to change the Constitution.

This is the largest yet of the annual war maneuvers, called "Balikatan," scheduled to start on Feb. 20 and last two weeks. They will take place both on the main island of Mindanao, but also on the smaller island of Jolo—a place where anger over U.S. atrocities in the early 20th Century suppression of resistance to U.S. control is still palpable, according to a Philippine military source from the region. It will also be nearly impossible to avoid military action in Jolo, despite U.S. claims that they will not be involved in combat, because of the presence of Abu Suyaaf and weak government control. A U.S. commander, Col. James Linder, admitted that the Americans will be armed and that "there is a threat there and it's dangerous."

## **North Korea Will Not Attend Six-Power Talks**

North Korea says it can't attend six-power talks because Washington is planning a preemptive strike, *Yonhap* reported from Seoul Dec. 31. "If we did not equip ourselves with nuclear weapons, the United States would have launched a preemptive nuclear strike against us and made our country like Iraq," Pyongyang's Rodong Sinmun said Dec. 31 in a commentary on the official Korean Central News Agency (KCNA).

Thus, it said, the North is now unable to implement the six-party accord of September 2005, or to attend the talks; so the dispute will not be settled, as long as "the U.S. continues pursuing its hostile policy to stifle the DPRK as it did this year. The U.S. has driven the situation to the brink of war, while intensifying military moves," it said, referring to the imposition of financial sanctions on Pyongyang in October. The commentary reaffirmed the North's position that it will not abandon its nuclear program until it is provided with economic incentives that include nuclear power plants.

## **Kim Jong-il Waiting for Bush To Leave Office**

North Korean leader Kim Jong-il will not cooperate with the U.S. until President Bush leaves office, U.S. State Department senior Korean interpreter Tong Kim writes in his *Korea Times* column Jan. 1. Kim interpreted for four U.S. Presidents including George W. Bush over three decades, until retirement in 2005. Bush has had five years to solve the problem, but "we are further away from resolution than five years ago, given a nuclear North Korea with two to six bombs and the level of mutual distrust as deep as ever between the United States and North Korea," he writes. "Pyongyang seems to believe time is on their side. They are inclined to wait out the remainder of the second term of the Bush Administration."

The neo-cons want to overthrow the regime, but "North Korea will not collapse any time soon," he says. "It is likely to transform itself for survival. We have to deal with it as it is now, whether we like it or not."

Kim also attacks neo-con U.S. Ambassador Alexander Vershbow, who helped collapse the talks with his barroom language. "Did Vershbow speak Bush's mind, when he called the DPRK 'a criminal regime,' as he represents the President of the United States? If he did, his primary audience should have been W. Bush and his hardliner advisers rather than Kim Jong-il," Kim concludes. "The ambassador must have known darn well the negative impact of such characterization on the prospects of reconvening the six-party talks."

## **China To Reorganize Structure of Huge Forex Reserves**

China is planning to "optimize the structure of its huge forex reserves, to get higher returns, the State Administration of Foreign Exchange (SAFE) announced Jan. 6. China has \$769 billion foreign-exchange reserves, a record, and second only to those held by Japan. The SAFE plans "to improve the operation and management of foreign exchange reserves and to actively explore ways of investing foreign exchange more efficiently," SAFE Director Hu Xiaolian said after the agency's annual conference Jan. 5, in a statement on the agency's website. The issue is "to improve the currency structure and asset structure of our forex reserves and to continue to expand the investment area of reserves. We want to ensure that the use of foreign exchange reserves supports a national strategy, an open economy and the macro-economic adjustment."

Hu also told the SAFE conference that achieving a balance of international payments is of great significance to the healthy development of the Chinese economy, but it has problems of a growing foreign trade surplus and imbalance of international payments. In September, Central Policy Research Office economist Zheng Xinli said that China should invest its foreign exchange reserves in overseas energy resources rather than Treasuries, and other economists have expressed similar views.

The central bank, the Peoples Bank of China, and other Chinese investors own \$247.6 billion worth of U.S. Treasuries, as of end-October. This makes China the second-largest foreign holder after Japan. However, on Oct. 13, Finance Minister Jin Renqing said that China will not change its "set policy" of buying treasuries.

SAFE also announced it will end forex quota limits for Chinese companies investing outside China, although they will still need permission to invest abroad.

## **U.S. 'Absolutely Opposed' to South Asia Pipeline**

The U.S. remains "absolutely opposed" to the 2,600 km-long natural gas pipeline project linking Iran with Pakistan and India, according to a speaker at the Johns Hopkins Institute in Washington on Jan. 5. Steven Mann, the special negotiator for Eurasian Conflicts in the U.S. State Department's Bureau of European Affairs, was speaking to a seminar at the School of Advanced International Studies (SAIS). Iran, Pakistan and India have said they hope to conclude a deal by June 2006.

"The U.S. government supports multiple pipelines from the Caspian region but remains absolutely opposed to pipelines involving Iran," Mann said after the Asian Development Bank's senior energy specialist Dan Millson told the forum that the Iran-Pakistan-India pipeline and another pipeline linking Turkmenistan, Afghanistan, and Pakistan were both feasible and ADB endorses both entirely on economic grounds. He said "piped gas was economically favorable versus LNG [liquified natural gas]."

The U.S. opposition to the pipeline will ensure serious repercussions across India's political spectrum. It may even have a negative effect on U.S.-India long-term relations.

## **Africa News Digest**

### **Anglo-American Economic Genocide Policy for Africa Finally Becomes News**

Genocide in the Democratic Republic of the Congo has surfaced in the press again with an article in the Jan. 7 issue of the London *Guardian* reporting on a story in this month's *Lancet* medical journal. The *Lancet* is just now publicizing a study

by the International Rescue Committee (IRC) completed over a year ago in December 2004, which documents that the worst case of ongoing genocide anywhere on the planet has been in the Democratic Republic of the Congo (DRC).

*EIR* first drew attention to the effects of "economic genocide" in an article published in the Dec. 24, 2004 issue of *Executive Intelligence Review*. The IRC study, entitled, "Mortality in the Democratic Republic of Congo: Results from a Nationwide Survey," painfully documents 3.8 million *preventable* deaths of the Congolese people in excess of normal mortality over the six-year period from 1998-2004. As *EIR* wrote in 2004: "Only the Nazi-implemented Holocaust against the Jewish people was more horrific, although the number of deaths in the DR Congo may turn out to be greater."

According to the *Lancet*, "The IRC study shows conclusively that these almost 4 million deaths in the DRC from 1998-2004, were 98% civilians, who died from lack of food, clean water, and minimal health care. Much of the analysis of this report, and others preceding it, start from the acceptance of a baseline crude mortality rate, CMR, which is the number of deaths per 1,000 people, per month. It is from this figure that excess deaths are determined. The CMR for sub-Saharan Africa is 1.5. That means it is considered *normal* for 1.5 human beings to die every month per 1,000 members of the population. The mere acceptance of this figure for hundreds of millions of Africans living in this region, already indicates how degenerate our culture has become, What the recent IRC report tells us is 1,000 people die in the DR Congo every day above the CMR."

Nor should anyone fool himself that the causes of death are simply the war. According to the IRC study, a large proportion of these excess deaths were those of civilians killed by disease and malnutrition.

## **The Policy Is Genocide**

Genocide is defined as the deliberate and systematic extermination of a national or racial group.

What the IRC study shows, is the intended effect of a decades' long deliberate policy to reduce the indigenous population of sub-Saharan Africa, with the DRC being the most extreme case. Henry Kissinger articulated this policy in 1974 in his infamous National Security Study Memorandum 200 (NSSM 200), which outlined the need to prevent the population in the "Third World" from "using up" their valuable resources, which the West believed it had a right to steal. NSSM 200 advocated using the withholding of food as weapon to coerce these poorer nations into population-reduction measures. Today's wars, starvation, and spread of disease, highlighted by the killer HIV/AIDS are the means for population reduction today. No one but Lyndon LaRouche has had the courage to identify Kissinger's policy for what it really is: Genocide.

"Why is the world instead focussed on Darfur, Sudan, screaming about genocide by the Khartoum government, when the conditions in the DR Congo are orders of magnitude worse?" This question is even more relevant today than it was in 2004.

## **This Week in History**

### **January 10-16, 1853**

#### **The Baltimore & Ohio Railroad Reaches the Ohio River at Wheeling**

It was with a great sense of triumph that the citizens of Wheeling on the Ohio River celebrated the arrival of the Baltimore & Ohio Railroad on Jan. 12, 1853. It had been a long, 25-year battle against mountainous terrain and a major national depression, but there was finally a railroad line that linked Baltimore and Washington, D.C. with the Ohio, and to the West

ran a series of railroads that provided access to Chicago and the Mississippi. Wheeling, already known as the "Nail City," was eager to begin manufacturing rails and other supplies for the railroad in her many iron foundries.

In 1818, the National Road had reached Wheeling, a strategic location which had been a major river crossing point used by the Indians, due to the large island which divided the broad Ohio into two narrow sections. George Washington, searching for the easiest passage to the Ohio Valley, had invested in lands in the area and encouraged settlers to move there. Washington was familiar with ironmaking through his father's work with the Principio Iron Works, and encouraged the building of iron forges in each new settlement.

The Conestoga Wagons which travelled the new National Road carried both passengers and produce, but as both agriculture and manufacturing grew, there was a need for faster transportation which could carry heavier loads. On July 4, 1828, two different modes of transportation began a race from the eastern seaboard to the Ohio. The first was the Chesapeake & Ohio Canal, whose cornerstone was laid by President John Quincy Adams. It was to be the fulfillment of Washington's Potomac Canal project to build a transportation corridor along the Potomac River and through the mountains.

The second form of infrastructure was the newly developed railroad. In February of 1825, inventor John Stevens had constructed a half-mile circular track on his land in Hoboken, New Jersey, and whisked his guests around it at six miles an hour on a railroad car powered by a steam engine. The Stockton & Darlington Railroad in England ran its first demonstration in September of that same year. Two years later, a group of Baltimoreans sponsored a bill in the Maryland Legislature authorizing a railroad line to be built from Baltimore to Wheeling.

## Laying the Cornerstone

The ceremony laying the cornerstone for the Baltimore & Ohio Railroad attracted tens of thousands of people. The celebration began with a grand parade, which featured 5,000 participants. In addition to Revolutionary War veterans and members of Congress, the parade contained representatives of almost all the occupations of the area—farmers, carpenters, millers, bakers, blacksmiths, weavers, stonecutters, printers, steam-engine makers, sailmakers, and ship captains. Many of the trades were highlighted on floats. For example, dairy workers churned butter, blacksmiths pounded anvils, and the printers' float had a press which turned out copies of the Declaration of Independence.

The cornerstone was dedicated by 91-year-old Charles Carroll of Carrollton, the last living signer of the Declaration of Independence. Carroll's presence at the dedication also had another significance: His father, Charles Carroll of Annapolis, had worked with the Principio Ironworks in colonial days, as had George Washington's father. Charles Carroll of Carrollton had also invested heavily in iron production in Maryland, utilizing ore from the Arundel Formation, which runs southwest from Baltimore into Virginia. The forges and iron foundries near this formation would be used to supply the rails and cars for the new railroad.

The stone which Carroll dedicated that day said that the new railroad would perpetuate the "happy Union of these Confederated States." The *Baltimore Gazette* reported that the projected railroad would "make the East and the West as one household, in the facilities of intercourse and the feeling of mutual affection."

In addition to the investments by private individuals, the City of Baltimore, the State of Maryland, and later the state of Virginia also contributed to the railroad's funds. A report written just before the Civil War explained how these investors viewed the functions of infrastructure such as railroads: "The great object of the companies has not been so much to derive a direct profit from the investment, as to cause the construction of a highway, which should by its operation increase business, enhance the value of property, and swell the floating capital of the country by making available considerable productions of industry, which before were not marketable, since the influence of a railroad in a new district is perhaps, if

not to create, at least to bring into the general stock more capital than is absorbed in its construction.

"Thus in the last twenty-five years, a thousand millions of dollars have been spent in the construction of roads, and yet capital is proportionally more abundant now than before this vast expenditure, and land has, in railroad localities, increased by a money value greater than the cost of the roads! We have seen that before the operation of canals, land transportation was, and is now, remote from these works, one cent per mile per hundred. If a barrel of flour is then worth in market five dollars, a transportation of 300 miles would cost more than its whole value; but by rail it may be carried from Cincinnati to New York for one dollar. Thus railroads give circulation to all the surplus capital that is created by labor within their circle. It is on this principle that may be explained the immense prosperity that has been seen to attend the enormous expenditure for railroads, particularly during the last ten years."

The Baltimore & Ohio was authorized to raise five million dollars in capital, and could begin work with one million. In the summer of 1828 it employed several officers from the U.S. Army's Topographical Corps to map out part of the road. Then members of the Army Corps of Engineers were loaned to the company to ensure successful construction. The first section was completed to Ellicott's Mills, and was extended to Point of Rocks in 1832. But work was halted for several years at the gorge where the Shenandoah and Potomac meet, for both the C&O Canal and the B&O Railroad claimed the narrow space between the cliffs and the waters of the Potomac.

## **Peter Cooper's 'Tom Thumb'**

During the period of negotiations, the railroad extended a branch line to Washington, D.C., which was opened on Aug. 25, 1835. But up to this time, the railroad cars had been pulled by horses. The company wanted to switch to steam locomotives, but there were none that could handle the sharp curves necessary to navigate the hilly Potomac country. In stepped Peter Cooper, the New York manufacturer and inventor, who put together the little locomotive "Tom Thumb" which made its first successful run in August of 1830. Due to pressure from the stagecoach companies, his locomotive ran a famous race, memorialized in a print by Currier & Ives, with a horse-drawn car. Due to the temporary failure of the engine's blowing device, the horse won.

When the "Tom Thumb" was later retired from service, The B&O offered a prize of \$4,000 for a locomotive of American manufacture which would burn coal, not wood. Phineas Davis of York, Pennsylvania won the prize with an engine that ran 15 miles per hour on short curves and 30 miles per hour on a straight line. By 1834, the railroad had seven locomotives, 34 passenger cars, and 1,000 freight cars which ran as far as Harper's Ferry.

The state of Maryland then subscribed over \$3 million for the extension to Wheeling, and in 1830, the state of Virginia, over which the last part of the route would run, subscribed over \$1 million. The railroad made it to Cumberland in 1842, but the Panic of 1837 had so deranged the American economy that construction of both the canal and railroad was temporarily halted. The C&O Canal stopped at Cumberland and never succeeded in passing the Allegheny Front. The B&O Railroad eventually bought the C&O and ran it, and traffic on the waterway lasted into the 1930s.

But the B&O was enabled to reach the Ohio when state bonds were granted to the company in 1849, and Benjamin Latrobe, the son of the architect of the U.S. Capitol Building, succeeded to the post of chief engineer. Latrobe directed a working team of 5,000 workers and 1,250 horses as the track climbed the forbidding Alleghenies. The road crossed the Eastern Continental Divide and then, for four miles, it clung high to the side of a chasm, supported by masonry walls. Seven miles further west, Latrobe and his men had to construct a tunnel 4,100 feet long. To bring the railroad into Fairmont, they had to construct an iron bridge 650 feet long.

Latrobe designed feats of railroad engineering never achieved before, and his crew laid the final rails into Wheeling on Christmas Eve of 1852. Then the line had to be checked before the heavy trains bearing the governors of Maryland and

Virginia, the B&O officials, and other dignitaries could travel to Wheeling. The actual welcoming celebration therefore took place on Jan. 12, 1853. The Wheeling *Intelligencer* wrote that "Yesterday morning dawned upon thousands who had come by steamboats, by coaches, on horses and on foot, from near and far, to participate in the commemoration of one of the greatest works of the age—the completion of the unbroken iron link connecting the Chesapeake with the waters of the Ohio."

The Pennsylvania Railroad had been completed to Pittsburgh on Dec. 10, but its trains had been pulled by cable over the Alleghenies by the state-owned Portage Inclines, and it would take another year before that railroad ran completely on rails. In 1853, the same year the B&O reached Wheeling, the New York Central Railroad consolidated all the small railroads which followed the general course of the Erie Canal, thus providing a direct route from Albany to Buffalo. By 1860, it was possible to travel from Maine to New Orleans by railroad. The railroad grid of the Eastern states almost approximated the easy city-to-city travel of the early and middle 20th Century, until deregulation destroyed a network which had been so beneficially and painstakingly built.

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